

Message Text

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47

ACTION EUR-12

INFO OCT-01 IO-11 ISO-00 SP-02 USIA-06 AID-05 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 SAM-01

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FM AMEMBASSY LISBON

TO SECSTATE WASHDC 6275

USDOC WASHDC

INFO USMISSION EC BRUSSELS

USMISSION MTN GENEVA

AMEMBASSY LONDON

AMEMBASSY OTTAWA

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E.O. 11652: N/A

TAGS: BEXP, PO

SUBJ: AWARD OF TRACTOR FACTORY

USDOC FOR MEPD

REF: LISBON A-38

1. GOP ON MARCH 6 PROVISIONALLY AWARDED TO MASSEY-FERGUSON THE CONTRACT FOR THE ACQUISITION OF TECHNOLOGY FOR MANUFACTURE AND DISTRIBUTION OF TRACTORS IN PORTUGAL. THE CONTRACT ALSO WOULD INCLUDE FINANCIAL AND SALES COOPERATION.

2. THE CONSTITUTION OF AN ENTERPRISE TO OPERATE AS MANUFACTURER AND DISTRIBUTOR WAS ALSO APPROVED. CAPITAL OF THE NEW ENTERPRISE IS ESTIMATED AT \$5 MILLION DOLLARS, MAJORITY OF WHICH WILL BE STATE OWNED. HOWEVER, MASSEY-FERGUSON, AS WELL AS OTHER COMPANIES WITH SIGNIFICANT CONTRIBUTION TO THE PROJECT, WILL BE ALLOWED TO BECOME SHAREHOLDERS.

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3. COMMENT: THE AWARD TO MASSEY-FERGUSON WAS SOMEWHAT

OF A SURPRISE. GOP OFFICIALS HAVE TOLD EMBASSY OFFICERS
PRIVATELY AND MINISTER OF EXTERNAL COMMERCE HAD ANNOUNCED
PUBLICLY THAT THE AWARD WOULD GO TO A YUGOSLAV FIRM.

4. THERE ARE CONFLICTING REPORTS ABOUT PROVISION FOR ECON-
OMIC PROTECTION TO THE PLANT. THE SECRETARY OF STATE FOR
LIGHT INDUSTRY HAS STATED PRIVATELY TO EMBASSY OFFICERS
THAT THE INFANT INDUSTRY CLAUSE IN THE PORTUGAL-EEC
AGREEMENT WOULD BE INVOKED. ON THE OTHER HAND, THE SAME
OFFICIAL TOLD FORD REPRESENTATIVES THAT IMPORTS WOULD BE
COMPLETELY PROHIBITED. FORD IMMEDIATELY PROTESTED TO THE GOP,
NOTING ITS RELIANCE ON IMPORTS AND PORTUGAL'S COMMITMENTS
TO THE EFTA AND EEC.
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Message Attributes

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Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
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